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ACCOUNTING SYSTEM FOR THE CIA ASSISTANCE FUND

I. GENERAL

Accounting Records - This accounting system provides for the maintenance of a "Cash and General Journal" (See Section II) and General Ledger Accounts (See Section III).

Loans - After an application for a loan has been properly approved and funds advanced, the transaction is entered in the "Cash and General Journal" as a debit to Account 30, "Loans", and as a credit to Account 20, "Cash on Hand" or Account 10, "Cash in Bank", as appropriate. The application shall then be filed in the "Open Accounts" folder.

Repayments - When repayments are received, a receipt shall be prepared in duplicate. The original shall be given the applicant and the copy attached to the individual's loan application. When the loan has been repaid in full, the application shall be transferred to the "Closed Accounts" folder. A repayment transaction shall be recorded in the "Cash and General Journal" as a debit to Account 20, "Cash on Hand", and as a credit to Account 30, "Loans".

Rejected Applications - When for any reasons, applications for loans are rejected, they shall be filed in a "Rejected Applications" folder and no further action taken.

Delinquent Loans - Loans which are in arrears one month or more shall be flagged so that this fact will be immediately noticeable. The loan applications for these loans shall continue to be filed in the "Open Accounts" folder.

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Uncollectible Loans - When a loan is considered uncollectible, it shall be referred to the Welfare Assistance Board for proper action. If the Board declares the loan uncollectible, a notation shall be made on the loan application and the application transferred to an "Uncollectible Loans" folder. The balance of the loan which has been declared uncollectible shall be entered in the "Cash and General Journal" as a debit to Account 60, "Uncollectible Loans Charged Off", and as a credit to Account 30, "Loans". The account number affected and appropriate notation should be made in the "Remarks" column.

Monthly Posting to Ledger Accounts - At the end of each month the columns on the "Cash and General Journal" shall be totaled and posted in summary to the General Ledger Accounts.

Reports - A "Statement of Income and Expenses" (See Exhibit "A"), a "Balance Sheet" (See Exhibit "A") and an "Analysis of Loan Transactions" (See Exhibit "B") shall be prepared monthly.

II. CASH AND GENERAL JOURNAL

All financial transactions will be entered on this record in the appropriate columns. For each debit or credit entry there must be a contra credit or debit entry. Transactions for which special columns are not provided will be entered in the "Miscellaneous Accounts" column. Entries under "Miscellaneous Accounts" shall be summarized at the bottom of the column to show the account number and the total amount applicable to that account.

III. GENERAL LEDGER ACCOUNTS

The general ledger accounts listed below are prescribed at this time. Other ledger accounts should be established when necessary. These accounts

shall be maintained on three-column general ledger sheets a small supply of which is attached for your use.

10 - Cash in Bank - This debit balance account represents the amount of cash on deposit in the bank. Debit this account with bank deposits and interest on bank deposits. Credit this account with withdrawals and bank service charges.

20 - Cash on Hand - This debit balance account represents the amount of cash on hand. Debit this account with withdrawals from bank for the purpose of providing cash for miscellaneous expenses and small loans, cash repayments received and other cash receipts increasing the cash on hand balance. Credit this account with the amount of small loans made from cash on hand, cash expenditures for miscellaneous expenses and other disbursements decreasing the cash on hand balance.

30 - Loans - This debit balance account represents the net amount of all loans outstanding. Debit this account with the amounts of loans made. Credit this account with the amounts of payments received and loans declared uncollectible.

40 - Welfare Fund Balance - This credit balance account represents the excess of income over expenses for the previous years. At the end of each accounting year this account shall be credited with the amount of the net income (profit) or debited with the amount of the net expense (loss), whichever is reflected in the "Profit and Loss" account.

45 - Profit and Loss - This account is to be used only at the end of the accounting year to determine the amount of net income (profit) or net expense (loss) for the year. Credit this account at the end of each accounting year in

the amount of the balance of Account 60, "Income". Debit this account at the end of each accounting year in the amounts of the balances of Accounts 70, "Office & Other Expenses"; 80, "Uncollectible Loans Charged Off"; 90, "Grants Made - Extreme Hardship Cases"; and 95, "Grants to Potomac Recreation Association". After the above mentioned debit and credit entries have been made, the balance in this account would represent the net income (profit) for the accounting year if it is a credit balance, or the net expense (loss) for the accounting year if it is a debit balance. If the amount is a credit balance, debit this account in the amount of the balance to close it into Account 40, "Welfare Fund Balance"; if the amount is a debit balance, credit this account in the amount of the balance to close it into Account 40, "Welfare Fund Balance".

60 - Income - This credit balance account represents the total income received by the Welfare Fund during the accounting year. Credit this account with the amount of income from GSI, interest on bank deposits, gifts, etc. Debit this account in the amount of its balance at the end of the accounting year for closing into the "Profit and Loss" account.

70 - Office & Other Expenses - This debit balance account represents the total of all office and other expenses incurred during the accounting year. Debit this account for expenses paid. Credit this account for any refund received for overpayment of expenses. Also credit this account in the amount of its balance at the end of the accounting year for closing into the "Profit and Loss" account.

80 - Uncollectible Loans Charged Off - This debit balance represents the total of all loans declared uncollectible during the accounting year. Debit

this account with the amounts of loans declared uncollectible. Credit this account if uncollectible loans are collected at a later date. Also credit this account in the amount of its balance at the end of the accounting year for closing into the "Profit and Loss" account.

90 - Grants Made - Extreme Hardship Cases - This debit balance account represents a total of all grants made to CIA employees during the current accounting year on the basis of extreme hardships. Debit this account in the amount of each grant made from the fund. Credit this account in the amount of its balance at the end of the year for closing into the "Profit and Loss" account.

95 - Grants to Potomac Recreation Association - This debit balance account represents the total of all grants made to the Potomac Recreation Association from the Welfare Fund during the current accounting year. Debit this account in the amount of each grant made to PRA. Credit this account in the amount of its balance at the end of the accounting year for closing into the "Profit and Loss" account.

Exhibit "A"

CIA WELFARE ASSISTANCE FUND

Statement of Income and Expense for the
Period 1 January 19__ through 19__
(Current Month Date)

| Income: | <u>This Month</u> | <u>Cumulative</u> |
|------------------------------------------|-------------------|-------------------|
| General Services, Inc. | \$ | \$ |
| Other | | |
| Total Income | | |
| Expenses: | | |
| Office & Other Expenses | \$ | \$ |
| Grants Made - Extreme Hardship Cases | | |
| Uncollectible Loans Charged Off | | |
| Grants to Potomac Recreation Association | | |
| Total Expenses | | |
| Net Income (or Expense) | | \$ |

BALANCE SHEET AS OF

ASSETS

| | |
|--------------|----|
| Cash in Bank | \$ |
| Cash on Hand | |
| Loans | |
| Total Assets | \$ |

NET WORTH

| | |
|---------------------------|----|
| Welfare Fund Balance: | |
| As of 1 January 1955 | \$ |
| Net Income (or Expense) * | |
| As of 19__ | |
| Total Net Worth | \$ |

* Insert cumulative Net Income (or Expense) from Statement of Income and Expense.

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Exhibit "B"

CIA WELFARE ASSISTANCE FUND

Analysis of Loan Transactions
During the Month of _____

| | <u>No.</u> | <u>Amount</u> |
|------------------------------------------------------------------|------------|---------------|
| 1. Loans outstanding at beginning of month. | | \$ |
| 2. Loans made during the month | _____ | _____ |
| Sub-total | | |
| 3. Loans repaid during the month.* | _____ | _____ |
| Sub-total | | |
| 4. Loans declared uncollectible by the Board and charged off. | _____ | _____ |
| 5. Loans outstanding at end of month. | _____ | _____ |

* Insert in "No." column the number of loans paid in full

ANALYSIS OF OUTSTANDING LOANS

| Status: | <u>No.</u> | <u>Amount</u> |
|-------------------------|------------|---------------|
| Current | | \$ |
| Delinquent: | <u>No.</u> | <u>Amount</u> |
| 1 to 2 months | | \$ |
| 2 to 6 months | | |
| 6 to 12 months | | |
| More than 12 months | _____ | _____ |
| Total delinquent loans | _____ | _____ |
| Total outstanding loans | ===== | ===== |

Remarks: